

## Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 SS-20 NSC-10 NSCE-00 PA-04 PRS-01 USIA-15 L-03

SCEM-02 SCI-06 INT-08 DRC-01 /147 W  
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R 100920Z DEC 73

FM USLO PEKING

TO SECSTATE WASHDC 1120

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1587

E.O. 11652: GDS

TAGS: ETRD, CH

SUBJECT: SALE OF MACHINERY TO PRC: GLEASON WORKS

REF: STATE 216?90; PEKING 1497

1. REPRESENTATIVES OF GLEASON WORKS OF ROCHESTER, NEW YORK, MAKERS OF MACHINERY TO PRODUCE BEVELLED GEARS, ARE

IN PROCESS OF SIGNING CONTRACTS WITH THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION FOR THE SALE OF 70 MACHINES VALUED IN EXCESS OF FOUR MILLION DOLLARS. DELIVERIES WILL BEGIN IN THE FIRST HALF OF 1975 AND CHINESE TECHNICIANS WILL VISIT THE US FOR TRAINING BEGINNING IN THE THIRD QUARTER OF 1974.

2. ACCORDING TO ERNEST HUGENBRUCH, GLEASON'S DIRECTOR OF APPLICATION ENGINEERING, AND JOHN OSTRANDER, DIRECTOR OF SALES FOR ASIA AND PACIFIC, 50 OF THE MACHINES ARE FOR USE AT THE CHANGCHUN AND PEKING MOTOR VEHICLE PLANTS. AT THE LATTER, THEY SAID, THE CHINESE ARE APPARENTLY PLANNING A LARGE INCREASE IN OUTPUT OF JEEP-TYPE VEHICLES. THE REMAINING 20 MACHINES, WHICH THE GLEASON REPRESENTATIVES DESCRIBED AS "PRECISION-GROUND GEAR EQUIPMENT," ARE FOR  
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OTHER FACILITIES WHICH THE CHINESE WOULD NOT SPECIFY. THE CHINESE WOULD ONLY SAY THEY ARE FOR THREE PLANS IN THE

NORTHWEST AND NORTHEAST, AND INDICATED THAT ONE POSSIBLE USE WILL BE FOR MAKING HELICOPTER TRANSMISSIONS AND THAT ANOTHER USE MAY BE IN CONNECTION WITH OIL WELL EQUIPMENT (WHICH LEFT THE GLEASON OFFICIALS SOMEWHAT PUZZLED).

3. THE GLEASON DELEGATION VISITED A NUMBER OF FACTORIES IN SHANGHAI, INCLUDING THE SHANGHAI MOTOR VEHICLE PLANT, WHERE EXPANSION OF PRODUCTION FACILITIES IS UNDERWAY. THEY WERE TOLD THAT WHEN COMPLETED, PRODUCTION OF SHANGHAI SEDANS WOULD INCREASE FROM 1,000 TO 5,000 PER YEAR AND THAT PRODUCTION OF TWO-TON LORRIES WOULD REACH 4,000 PER YEAR. THEY ALSO VISITED THE SHANGHAI GEAR PLANT, WHICH MAKES AXLES AND GEARS FOR BIG HEAVY TRUCKS, AND ONE OF THE LARGE SHANGHAI MACHINE TOOL PLANTS.

4. GLEASON REPRESENTATIVES ASKED THAT ALL THE INFORMATION PROVIDED ABOVE BE CLOSELY HELD.

5. USLO SUGGESTS THAT THE DEPARTMENT ARRANGE FOR A MORE DETAILED DEBRIEFING WHEN THE GLEASON REPRESENTATIVES RETURN TO THE US IN WEEK OR TWO.

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## Message Attributes

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**To:** STATE  
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